



DEPARTMENT OF COMMERCE

International Trade Administration

[C-821-834]

Oil Country Tubular Goods from the Russian Federation: Final Affirmative

Countervailing Duty Determination and Final Negative Critical Circumstances

Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) determines that countervailable subsidies are being provided to producers and exporters of oil country tubular goods (OCTG) from the Russian Federation (Russia). The period of investigation is January 1, 2020, through December 31, 2020.

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Brontee George or Theodore Pearson, AD/CVD Operations, Office I, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4645 or (202) 482-2631, respectively.

SUPPLEMENTARY INFORMATION:

Background

On March 14, 2022, Commerce published its *Preliminary Determination*¹ in the *Federal Register*. For a complete description of the events that followed the *Preliminary Determination*,

¹ See *Oil Country Tubular Goods from the Russia Federation: Preliminary Affirmative Countervailing Duty Determination, Preliminary Negative Critical Circumstances Determination, and Alignment of Final Determination with Final Antidumping Duty Determination*, 87 FR 14249 (March 14, 2022) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum (PDM).

see the Issues and Decision Memorandum.² The Issues and Decision Memorandum is a public document and is made available to the public via Enforcement and Compliance’s Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <https://access.trade.gov/public/FRNoticesListLayout.aspx>.

Scope of the Investigation

The products covered by this investigation are oil country tubular goods from Russia. For a complete description of the scope of this investigation, *see* appendix I.

Scope Comments

On March 7, 2022, concurrent with the issuance of the *Preliminary Determination*, we issued a Preliminary Scope Decision Memorandum.³ In the Preliminary Scope Decision Memorandum, Commerce established the deadline for parties to submit scope case briefs.⁴ Commerce did not receive any comments from interested parties regarding the scope by the deadline. Consequently, we made no changes to the scope from the Preliminary Scope Decision Memorandum.

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation, and the issues raised in the case and rebuttal briefs that were submitted by parties in this investigation, are discussed in the Issues and Decision Memorandum. For a list of the issues raised by interested parties and addressed in the Issues and Decision Memorandum, *see* appendix II to this notice.

Methodology

² *See* Memorandum, “Decision Memorandum for the Final Affirmative Determination in the Countervailing Duty Investigation of Oil Country Tubular Goods from the Russian Federation,” dated concurrently with, and hereby adopted by, this notice (Issues and Decision Memorandum).

³ *See* Memorandum, “Antidumping Duty Investigations of Oil Country Tubular Goods from Argentina, Mexico, and the Russian Federation and Countervailing Duty Investigations of Oil Country Tubular Goods from the Republic of Korea, and the Russian Federation: Preliminary Scope Decision Memorandum,” dated March 7, 2022 (Preliminary Scope Decision Memorandum).

⁴ *Id.* at 4.

Commerce conducted this investigation in accordance with section 701 of the Tariff Act of 1930, as amended (the Act). For each of the subsidy programs found to be countervailable, Commerce determines that there is a subsidy, *i.e.*, a financial contribution by an “authority” that gives rise to a benefit to the recipient, and that the subsidy is specific.⁵ For a full description of the methodology underlying our final determination, *see* the Issues and Decision Memorandum.

In making this final determination, Commerce relied, in part, on facts otherwise available, including adverse facts available (AFA), pursuant to sections 776(a) and (b) of the Act. For a full discussion of our application of AFA, *see* the *Preliminary Determination* and the section “Use of Facts Otherwise Available and Application of Adverse Inferences” in the accompanying Issues and Decision Memorandum.⁶

Verification

Commerce was unable to conduct on-site verification of the information relied upon in making its final determination in this investigation. However, we took additional steps in lieu of on-site verifications to verify the information relied upon in making this final determination, in accordance with section 782(i) of the Act.⁷

Final Negative Determination of Critical Circumstances

Commerce determines that critical circumstances do not exist within the meaning of 703(e)(1) of the Act. For further information, *see* the Issues and Decision Memorandum.

Changes Since the *Preliminary Determination*

Based on our review and analysis of the comments received from parties, as well as additional information collected in questionnaires issued subsequent to the *Preliminary Determination*, we made certain changes to the subsidy rate calculations for JSC Vyska Steel

⁵ See sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

⁶ See *Preliminary Determination* PDM at 8-13; *see also* Issues and Decision Memorandum at section “Use of Facts Otherwise Available and Adverse Inferences.”

⁷ See Commerce’s Letters, “Oil Country Tubular Goods from the Russian Federation: Volzhsky Pipe Plant, Joint Stock Company and Affiliated Companies Verification Questionnaire,” dated May 11, 2022; and “Oil Country Tubular Goods from the Russian Federation: Vyksa Steel Works and United Metallurgical Company (collectively, OMK) and Affiliated Companies Verification Questionnaire,” dated May 11, 2022.

Works (collectively with its affiliated companies, OMK), Volzhsky Pipe Plant, Joint Stock Company (collectively with its affiliated companies, TMK Group), and the all-others rate. For a discussion of these changes, *see* the Issues and Decision Memorandum.

All-Others Rate

In accordance with section 705(c)(1)(B)(i) of the Act, we calculated an individual estimated countervailable subsidy rate for the two mandatory respondents, OMK and TMK Group. Section 705(c)(5)(A)(i) of the Act states that, for companies not individually investigated, Commerce will determine an all-others rate equal to the weighted-average countervailable subsidy rates established for exporters and/or producers individually investigated, excluding any zero and *de minimis* countervailable subsidy rates, and any rates determined entirely under section 776 of the Act.

We continue to calculate individual estimated countervailable subsidy rates for OMK and TMK Group that are not zero, *de minimis*, or based entirely on facts otherwise available. We, therefore, continue to calculate the all-others rate using a weighted average of the individual estimated subsidy rates calculated for the examined respondents (OMK and TMK Group) using each company's publicly-ranged sales value for their exports to the United States of subject merchandise,⁸ in accordance with section 705(c)(5)(A)(i) of the Act.

Final Determination

Commerce determines that the following estimated countervailable subsidy rates exist:

⁸ With two respondents under examination, Commerce normally calculates: (A) a weighted-average of the estimated subsidy rates calculated for the examined respondents; (B) a simple average of the estimated subsidy rates calculated for the examined respondents; and (C) a weighted-average of the estimated subsidy rates calculated for the examined respondents using each company's publicly-ranged U.S. sale quantities for the merchandise under consideration. Commerce then compares (B) and (C) to (A) and selects the rate closest to (A) as the most appropriate rate for all other producers and exporters. *See, e.g., Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53663 (September 1, 2010); *see also Forged Steel Fluid End Blocks from Italy: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination with Final Antidumping Duty Determination*, 85 FR 31460, 31461 (May 26, 2020), unchanged in *Forged Steel Fluid End Blocks from Italy: Final Affirmative Countervailing Duty Determination*, 85 FR 80022, 80023 (December 11, 2020).

Manufacturer/Exporter	Subsidy Rate (percent <i>ad valorem</i>)
Volzhsky Pipe Plant, Joint Stock Company; Sinarsky Pipe Plant, Joint Stock Company; Seversky Pipe Plant, Joint Stock Company; Taganrog Metallurgical Plant, Joint Stock Company; Orsky Machine Building Plant, Joint Stock Company; and PAO TMK ⁹	1.30
JSC Vyksa Steel Works ¹⁰	1.59
All Others	1.43

Disclosure

Commerce intends to disclose to interested parties the calculations and analysis performed in this final determination within five days of any public announcement or, if there is no public announcement, within five days of the date of the publication of this notice in the *Federal Register*, in accordance with 19 CFR 351.224(b).

Continuation of Suspension of Liquidation

As a result of our *Preliminary Determination* and pursuant to section 703(d)(1)(B) and (d)(2) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise from Russia that were entered, or withdrawn from warehouse, for consumption, on or after March 14, 2022, which is the date of publication of the *Preliminary Determination* in the *Federal Register*. In accordance with section 703(d) of the Act, we instructed CBP to discontinue the suspension of liquidation of all entries of subject merchandise entered or withdrawn from warehouse, on or after July 12, 2022, but to continue the suspension of liquidation of all entries of subject merchandise between March 14 and July 11, 2022.

If the U.S. International Trade Commission (ITC) issues a final affirmative injury determination, we will issue a CVD order, reinstate the suspension of liquidation under section

⁹ Commerce has found the following companies to be cross-owned with Volzhsky Pipe Plant, Joint Stock Company: TMK Neftegasservice-Nizhnevartovsk, Joint Stock Company; TMK Neftegasservice-Buzuluk, Limited Liability Company; Russian Research Institute of the Tube & Pipe Industries, JSC; and Scientific and Technical Center TMK, LLC.

¹⁰ Commerce has found the following companies to be cross-owned with JSC Vyksa Steel Works: BusinessOptima; Metallolomaya Company OMK – Ecometall; United Metallurgical Company; and Joint-Stock Company Trubodetal.

706(a) of the Act, and require a cash deposit of estimated countervailing duties for entries of subject merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated, and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our final affirmative determination that countervailable subsidies are being provided to producers and exporters of OCTG from Russia. Because the final determination in this proceeding is affirmative, in accordance with section 705(b) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of OCTG from Russia no later than 45 days after our final determination. In addition, we are making available to the ITC all non-privileged and nonproprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Enforcement and Compliance. If the ITC determines that material injury or threat of material injury does not exist, this proceeding will be terminated and all cash deposits will be refunded. If the ITC determines that such injury does exist, Commerce will issue a countervailing duty order directing CBP to assess, upon further instruction by Commerce, countervailing duties on all imports of the subject merchandise that are entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation, as discussed above in the “Continuation of Suspension of Liquidation” section.

Notification Regarding APO

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an APO of their responsibility concerning the destruction of proprietary information disclosed under APO, in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

Notification to Interested Parties

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act, and 19 CFR 351.210(c).

Dated: September 23, 2022.

Lisa W. Wang,
Assistant Secretary for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The merchandise covered by this investigation is certain OCTG, which are hollow steel products of circular cross-section, including oil well casing and tubing, of iron (other than case iron) or steel (both carbon and alloy), whether seamless or welded, regardless of end finish (e.g., whether or not plain end, threaded, or threaded and coupled) whether or not conforming to American Petroleum Institute (API) or non-API specifications, whether finished (including limited service OCTG products) or unfinished (including green tubes and limited service OCTG products), whether or not thread protectors are attached. The scope of this investigation also covers OCTG coupling stock.

Subject merchandise includes material matching the above description that has been finished, packaged, or otherwise processed in a third country, including by performing any heat treatment, cutting, upsetting, threading, coupling, or any other finishing, packaging, or processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the OCTG.

Excluded from the scope of the investigation are: casing, tubing, or coupling stock containing 10.5 percent or more by weight of chromium; drill pipe; unattached couplings; and unattached thread protectors.

The merchandise subject to this investigation is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7304.29.1010, 7304.29.1020, 7304.29.1030, 7304.29.1040, 7304.29.1050, 7304.29.1060, 7304.29.1080, 7304.29.2010, 7304.29.2020, 7304.29.2030, 7304.29.2040, 7304.29.2050, 7304.29.2060, 7304.29.2080, 7304.29.3110, 7304.29.3120, 7304.29.3130, 7304.29.3140, 7304.29.3150, 7304.29.3160, 7304.29.3180, 7304.29.4110, 7304.29.4120, 7304.29.4130, 7304.29.4140, 7304.29.4150, 7304.29.4160, 7304.29.4180, 7304.29.5015, 7304.29.5030, 7304.29.5045, 7304.29.5060, 7304.29.5075, 7304.29.6115, 7304.29.6130, 7304.29.6145, 7304.29.6160, 7304.29.6175, 7305.20.2000, 7305.20.4000, 7305.20.6000, 7305.20.8000, 7306.29.1030, 7306.29.1090, 7306.29.2000, 7306.29.3100, 7306.29.4100, 7306.29.6010, 7306.29.6050, 7306.29.8110, and 7306.29.8150.

The merchandise subject to this investigation may also enter under the following HTSUS item numbers: 7304.39.0024, 7304.39.0028, 7304.39.0032, 7304.39.0036, 7304.39.0040, 7304.39.0044, 7304.39.0048, 7304.39.0052, 7304.39.0056, 7304.39.0062, 7304.39.0068, 7304.39.0072, 7304.39.0076, 7304.39.0080, 7304.59.6000, 7304.59.8015, 7304.59.8020, 7304.59.8025, 7304.59.8030, 7304.59.8035, 7304.59.8040, 7304.59.8045, 7304.59.8050, 7304.59.8055, 7304.59.8060, 7304.59.8065, 7304.59.8070, 7304.59.8080, 7305.31.4000, 7305.31.6090, 7306.30.5055, 7306.30.5090, 7306.50.5050, and 7306.50.5070.

The HTSUS subheadings and specifications above are provided for convenience and customs purposes only. The written description of the scope of this investigation is dispositive.

Appendix II

List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Scope Issues

- IV. Critical Circumstances
- V. Subsidies Valuation
- VI. Use of Facts Otherwise Available and Application of Adverse Inferences
- VII. Interest Rate Benchmarks, Discount Rates, and Natural Gas Benchmark
- VIII. Analysis of Programs
- IX. Analysis of Comments
 - Comment 1: Whether to Adjust the Natural Gas Benchmark Calculation of Transmission Fees and Value-Added Tax (VAT)
 - Comment 2: Loan Benchmark Selection
 - A. OMK Loan Benchmark Issues
 - B. TMK Group Loan Benchmark Issues
 - Comment 3: Whether Commerce Should Find Certain Natural Gas Purchases to Be Tied to Non-Subject Merchandise for Affiliates of TMK Group
- X. Recommendation

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